

Remaining Issues for Combined Reporting

- I. How are charitable expenses treated: as business, or proportionately business and nonbusiness, etc.?
 - A. How is the charitable expense carried forward—specific to the entity that incurs the cost, or some kind of group carryover?
 - B. What happens if the members of the group disaffiliate when a charitable carryover remains unused?
- II. How is partnership income treated in the context of a unitary group?
 - A. Should unitary partnerships be:
 - 1. excluded from combined report, or
 - 2. included in the combined report?
 - B. If unitary partnerships should be included, should there income and apportionment factors be:
 - 1. fully included (if 50% owned or controlled), with any income apportioned to the partnership treated as income for purposes of other partner's own returns,
 - 2. fully included (if 50% owned or controlled), with any income apportioned to the partnership ignored for purposes of other partner's own returns,
 - 3. included only to the extent of the unitary partner's share of the partnership?
 - C. If unitary partnerships should be included to the extent of the partner's share of the partnership, should the income and factors be included to the extent of:
 - 1. the unitary partner's ownership share, or
 - 2. the unitary partner's distributive share?
 - D. Should all tiers be included to the extent of their share, multiplied by degree of ownership through those tiers?
- III. Should each member of a unitary group which makes a water's-edge election be required to file a "Water's Edge Group Disclosure Spreadsheet" disclosing the portion of each unitary group member's income apportioned or allocated to each taxing jurisdiction, the method used for apportioning or allocating the income to each taxing jurisdiction, any affiliated corporation in which the taxpayer owns directly or indirectly more than 50% of the voting stock of the affiliated corporation or other information helpful in determining the amount of tax properly due?